

Message Text

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ACTION EB-08

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FM AMEMBASSY ASUNCION

TO AMEMBASSY BUENOS AIRES IMMEDIATE

SECSTATE WASHDC IMMEDIATE 2423

C O N F I D E N T I A L ASUNCION 0865

E.O. 11652: GDS

TAGS: BEXP, ENRG, PA, AR

SUBJ: MAJOR PROJECTS - YACYRETA APIPE HYDROELECTRIC PROJECT

REF: BUENOS AIRES 1546

1. EMBASSY WENT OVER ENTIRE HISTORY OF ALLIS-CHALMERS/
WESTINGHOUSE PROPOSAL WITH DON BURNS THE MORNING OF MARCH 3.
WITH RESPECT TO EMPLOYMENT OF NICOLAS BO AS THEIR AGENT WE
SAID COMPANY OFFICIALS WOULD HAVE TO MAKE UP OWN MINDS.
THERE ARE BOTH PROS AND CONS. HOWEVER, IN MAKING DECISION,
COMPANY SHOULD REMEMBER THAT NO MATTER WHOM THEY PICK, THERE
WILL BE RUMORS ABOUT HIS INCOMPETENCE WITHIN TWO HOURS FROM
THE TIME THE SELECTION IS KNOWN. PARAGUAY IS A VERY
BYZANTINE SOCIETY AND THOSE WHO HAVE INFLUENCE WITH THE
PRESIDENT OR WHO WANT TO HAVE INFLUENCE ARE EXTREMELY
DEVIOUS.

2. ON THE POSITIVE SIDE, NICOLAS BO IS A LONG-TIME ASSOCIATE
OF THE PRESIDENT AND SEES HIM FREQUENTLY, SO THERE WILL BE NO
PROBLEM OF ACCESS. THE PRESIDENT IS INCLINED TO TRUST OLD
FRIENDS MOR THAN NEW ARRIVALS TO THE SCENE. FROM ALL REPORTS
THE EMBASSY HAS RECEIVED, BO IS A NORMAL PARAGUAYAN BUSINESSMAN.
IN OTHER WORDS, HE MAY HAVE PULLED SHARP DEALS AND HAVE BEEN
INVOLVED IN CONTRABAND. YET, TO THE EMBASSY'S KNOWLEDGE, HE
HAS NOT BEEN INVOLVED IN DRUGS OR "ILLEGAL" SMUGGLING. HE HAS
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A SHARP EYE FOR HIS OWN BEST FINANCIAL INTERESTS AS WELL AS HIS
POLITICAL SRUVIVAL.

3. ON THE NEGATIVE SIDE, THERE ARE REPORTS THAT THE PRESIDENT
IS NOT HAPPY WITH THE SELECTION OF BO AND THAT HE HAS NO CONFIDENCE
IN BO'S ADVICE ON BUSINESS AND PROFESSIONAL MATTERS. HOWEVER, TWO
OF THESE REPORTS CAN BE TRACED BACK TO INDIVIDUALS WHO HAVE CON-

NECTIONS WITH GROUPS WHO MAY BE ON THE PAYROLL OF INTERESTED PARTIES.

4. IF ALLIS-CHALMERS/WESTINGHOUSE DECIDE TO DROP BO, THE QUERY IS WHERE DO THEY GO FROM HERE? ANYONE WHO COULD DO THEM ANY GOOD WOULD HAVE A SIMILAR REPUTATION. SOME OF THE POSSIBLE CHOICES ARE LIKELY TO HAVE PREVIOUS COMMITMENTS TO OTHER GROUPS. EMBASSY RECOMMENDS THEY RELY ON ADVICE OF COMPANY'S LOCAL LAWYER, GUILLERMO PERONI, WHO WAS TRAINED IN THE U.S., HAS A GOOD REPUTATION AND WHO DOES WORK FOR THE EMBASSY AS WELL AS FOR A NUMBER OF IMPORTANT U.S. COMPANIES.

5. FOR DEPARTMENT'S ACTION: SUGGEST DEPARTMENT PASS SUBSTANCE OF FOREGOING, PARTICULARLY COMMENT ON GUILLERMO PERONI, TO DANEIL WILCOX, REGIONAL VICE PRESIDENT,, WESTERN HEMISPHERE, WESTINGHOUSE. ACCORDING TO BURNS, WILCOX HAS RAISED QUESTIONS ABOUT PERONI'S INTEGRITY, AS WELL AS BO'S, AND IS INCLINED TO BELIEVE THAT PERONI CANNOT BE TRUSTED. WILCOX CAN BE REACHED AT 412-256-2437 OR 412-256-2027. IF WILCOX IS NOT AVAILABLE MESSAGE CAN BE GIVEN TO BARNEY STRAIT, ALSO OF WESTINGHOUSE, AT 412-256-4045.

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